

IP Enforcement at the U.S. International Trade Commission: Issues Related to Importations from Asia



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U.S. International Trade Commission
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Intellectual Property & The Far East
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Judicial Control of Expedited Procedural Schedule

1. Target date for completion of investigation before the Commission set by ALJ within 45 days of institution of investigation.
2. Target date longer than 15 months requires Commission authorization. 15 months or less ALJ sets target date by order. More than 15 months ALJ sets target date by initial determination (“ID”).
3. Legislative history important.



Expedited Proceedings

Automated Mechanical Transmissions, Inv. 337-TA-503

Jan. 2004	ITC institutes investigation on six patents
Sept. 2004	Trial
Jan. 2005	ALJ finds violation
April 2005	ITC issues exclusion order and cease & desist order.
June 2005	ITC institutes combined enforcement and advisory opinion proceedings
Oct. 2005	APA Hearing
Jan. 2006	ALJ finds no violation of remedial orders.



Expedited Proceedings

Systems for Detecting & Removing Viruses, Inv. 337-TA-510.

June 2004	ITC institutes investigation.
Jan. 2005	One week APA hearing on violation issues.
May 2005	ALJ finds violation.
Aug. 2005	ITC final decision (non-review of ALJ ID) & remedial orders.
Oct. 2005	ITC institutes enforcement proceeding.
Jan. 2006	ALJ finds Fortinet violated cease & desist order; parties settle.



Alkaline Batteries Scheduling

1. Zero Mercury Added Alkaline Batteries, Inv. 337-TA-493
2. Infringement of U.S. Patent No. 5,464,709.
3. Some 26 respondents named, including members of Chinese Battery Association (e.g. Guangdong, Chanoan Zhenglong Enterprise, Guangzhou Tiger Head Battery Group, Fujian Namping Nanfu Battery, Hi-wan Battery Industry, Ningbo Bao wang Batter, Sichuan Changhong Electric Co., Zhejian 3-turn Battery, Zhongyin (Ningbo) Battery.
4. Case instituted June 2, 2003.



Scheduling of Alkaline Batteries

June 2003	ITC institutes investigation.
Feb. 2004	Five week APA hearing.
Fall 2004	Senior patent counsel for complainant Energizer indicate “I am very frustrated, we actually expected the ITC to be much more expedient.”
Jan. 2006	Federal Circuit reverses Commission holding of invalidity on ground of indefiniteness and remand case to Commission for further proceedings.”
Aug. 2006	ITC remand proceedings continuing.

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ITC 337 Cases Are Not Protectionist

1. *Aramid Fibers*, Inv. 337-TA-194
 - a) GATT Panel Report, reform of 337 (target dates, stay of D Ct. proceedings, counterclaims permitted with removal to D. Ct.).
2. Congressional Report.
3. Increasing number of complaints filed by companies HQ outside the USA.



No Nationality Issues

1. *Systems for Detecting & Removing Viruses*, Inv. 337-TA-510
2. Complainant Trend Micro of Cupertino and Respondent Fortinet of Sunnyvale both from USA.
3. Violation found, exclusion orders and cease & desist orders issued.
4. Appeal, settlement.



Improper Withholding of Discovery Materials Punished

1. *Human Growth Hormones*, Inv. 337-TA-358
2. After APA hearing, ALJ learned that Complainant withheld evidence as “privileged” despite D. Ct. decision that it was not privileged.
3. At that time, ITC statutory deadlines precluded a new APA hearing.
4. Finding of no violation as a sanction; CAFC found that a less drastic sanction should be substituted, but parties decided to settle instead.



Misrepresentations of Facts Punished

1. *Hardware Logic Emulation*, Inv. 337-TA-383
2. In a temporary relief proceeding, respondents submitted interrogatory responses and an exhibit at APA hearing that indicated there were three levels of switches, thereby arguing non-infringement.
3. In the subsequent permanent relief proceeding, ALJ found that there were only two levels of switches, and issued recommended monetary sanctions against respondents. Commission upheld sanctions award. The parties then settled the sanctions issue for \$450,000.



Gray Market Cases

1. *Agriculture Tractors Under 50 HP*, Inv. 337-TA-380.
2. Respondents' unauthorized importation of Complainant's foreign sold tractors precluded.
3. Foreign market tractors were materially different from domestic market tractors (including foreign language warning labels).
4. Foreign market tractors likely to cause consumer confusion in the United States.



Single Proceeding Against Multiple Infringers

1. *Optical Disk Controller Chips*, Inv. 337-TA-506
— Complainants Zoran & Oak Technology
2. Eight USA Respondents (Artronic, ASUS International, Audiovox, Creative Labs, Mitek Digital, MSI Computer, TEAC America, Terpin Technology).
3. Six Taiwanese Respondents (ASUSTek, EPO Science & Technology, LITE-ON, MediaTek, Micro-Star, Ultima)
4. Two Singapore Respondents (Creative Technology, Terpin Technology)
5. Two Chinese Respondents (Jiangsu Shinco, Shinco Digital)
6. One Hong Kong Respondent (Shinco International)
7. One Japanese Respondents (TEAC)



Counter Cases

1. Optical Disk Controllers, Inv. 337-TA-506
 - Complainants Zoran & Oak
 - Respondents MediaTek & its customers
 - Violation found, exclusion order issued
2. Optical Disk Controllers, Inv. 337-TA-523
 - Complainant MediaTek
 - Respondents Zoran, Oak, & Sunext
 - No violation found
3. Settlement.



General Exclusion Order

1. Sildenafil Salts, Inv. 337-TA-489 (VIAGRA)
2. Complainant Pfizer
3. 15 Respondents, including internet pharmacies.

March 2003	ITC institutes investigation.
	Defaulting parties, settlements.
Oct. 2003	ALJ finds violation based on motion for summary determination, recommends general exclusion order.
Feb. 2004	ITC final decision and general exclusion order.



How the Administrative Law Judge Controls the Scheduling

1. Preliminary conference.
2. Sets procedural schedule.
3. Issues ground rules which supplement existing Commission rules. Also APA, Commission and Federal Circuit Precedent.
4. Telephone conferences.



Discovery

1. Interrogatories
2. Document production
3. Request for admission
4. Other discovery tools
5. Protective order
6. Motions
7. Sanctions
8. Markman Hearing



After Discovery

1. Prehearing submissions including any motions *in limine*
2. Tutorial or Educational Order
3. Prehearing conference
4. APA Hearing
 - a) Witnesses - Examination (direct, cross, redirect)
 - b) Evidence
5. Posthearing submissions
6. Closing Argument
7. Final ID by ALJ on Violation



Remedy and Bond

1. No monetary damages.
2. Excludes imports (enforced by U.S. Customs and Border Protection).
3. Significant difference between general exclusion order and limited exclusion order.
4. Cease and desist orders.
5. Bond.
6. Timing of effect of remedial orders and bonding provisions.
7. ALJ only makes recommendation as to remedy and bond.



How to Appeal a Commission Determination

1. Federal Circuit Court of Appeals in Washington, D.C.
2. Enforcement proceedings (payment to U.S. Treasury) and Advisory opinion proceedings available.
3. Effect of Final ITC decision on District Courts.



My Recommendations

1. Obtain an understanding of Commission and Federal Circuit precedent.
2. Keep informed of documents served by Commission or another party – response time is critical.
3. Cooperate in discovery and at the hearing.
4. Parties must assist ALJ in creating complete and accurate record.
5. Work with opposing counsel to resolve disputes.
6. Continuously organize for hearing (time is of the essence—not static proceeding—issues change)
7. All parties consider the costs of litigation versus what is at stake, taking into account settlement options.
8. Follow website of ITC www.usitc.gov (intervention possible)



Questions / Answers

(pending matters excluded)

